Daily Market View

Investment Strategy | May 07, 2026

بنك أبوظبي التجاري
ADCB
ASSET MANAGEMENT LIMITED

Global risk rally erupts as US-Iran deal nears; oil drops nearly 8%

Mohammed Al Hemeiri
Senior Specialist
Tel: +971 (0)2 812 6450
mohammed.alhemeiri@adcb.com

Kishore Muktinutalapati
Head - Investment Strategy
Tel: +971 (0)2 812 6457
kishore.muktinutalapati@adcb.com

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Macro headlines

Iran said it is reviewing a US peace proposal that would formally end the war but leave unresolved Washington's core demands: suspending Iran's nuclear program and reopening the Strait of Hormuz. The proposal represents the most concrete diplomatic movement since hostilities began in late February, though major sticking points remain. Separately, Federal Reserve officials warned that the US-backed war with Iran is raising the risk of a sustained inflation shock, with Chicago Fed President Goolsbee noting that executives now fear "month-after-month" of elevated oil prices could trigger supply chain pressures reminiscent of the pandemic-era inflation spike. The comments underscore the tension between strong economic data and the inflationary impulse from energy markets. Japan signaled it faces no constraints on how often it can intervene in currency markets, with top currency diplomat, vice finance minister for international affairs Mimura saying Tokyo is in daily contact with US authorities. The remarks come ahead of Treasury Secretary Bessent's visit to Tokyo next week and reinforce expectations of further yen support operations. Europe's chemical sector filed a record number of anti-dumping complaints against Chinese imports, with Brussels launching dozens of cases involving critical industrial inputs. Meanwhile, global economic activity showed tentative improvement: the J.P. Morgan Global Composite PMI rose to 51.8 in April, rebounding from March's sharp slowdown but still signaling subdued momentum. In the US, private businesses added 109,000 jobs in April – below expectations but the strongest gain since January 2025 – reflecting a "low hire, low fire" labor market. Eurozone producer prices surged 3.4% m/m in March, driven by an 11.1% jump in energy costs. South Korea's inflation accelerated to 2.6% y/y, prompting the central bank to signal that rate hikes may be needed. Anthropic secured more than 300 MW of compute capacity at SpaceX's Colossus 1 data center, highlighting the intensifying race for AI infrastructure.

Market performances

Global markets surged on Wednesday after reports that the US and Iran are close to an agreement to end the war. Oil prices plunged nearly 8%, with Brent settling at USD101.27/bbl and WTI at USD95.08/bbl – both their lowest levels in two weeks. The sharp drop reflected expectations that a peace deal would reopen the Strait of Hormuz and ease supply disruptions that have driven oil up more than 35% since February. Equities rallied worldwide. The S&P 500 rose 1.46%, the Nasdaq jumped 2%, and the Dow gained 1.24%, all hitting fresh record highs. The AI trade accelerated dramatically. AMD surged 18.6% after forecasting Q2 revenue above expectations, igniting a broad rally across semiconductors. Intel hit a record high, Arm and Qualcomm surged, and Samsung jumped 14%, surpassing USD1trn in market value and overtaking Berkshire Hathaway. Europe's STOXX 600 climbed 2.2%, while developed market equity Index rose 1.64% to a new peak. Dubai led gains across Gulf markets, while Saudi Arabia lagged due to falling oil prices. The dollar weakened as safe haven demand faded, falling 0.3% against major peers. Treasury yields fell, with the US 10 year down 6.4 bps to 4.352%.

What's next

Thursday's calendar features US Q1 labor cost and productivity data, March consumer credit, construction spending, and Brazil's industrial production and trade balance, alongside Mexico's April inflation and rate decision. Europe releases Germany's March manufacturing orders, France's current account, and trade balance, eurozone retail sales, Switzerland's April unemployment, and construction PMIs across the region, with Sweden, Norway, and the Czech Republic announcing rate decisions. Asia publishes Japan's latest monetary policy minutes, Australia's March trade balance, Philippines Q1 GDP, Malaysia's policy decision, and Taiwan's April inflation. Earnings include Airbnb, Akamai, Canadian Natural Resources, Enel, Engie, Expedia, Gilead, JD Sports, Lyft, McDonald's, MercadoLibre, Shell, Swiss Re, and others. Markets will focus on whether peace deal momentum holds, whether oil continues to unwind its war premium, and how central banks respond to easing energy prices but persistent underlying inflation pressures.

Global markets' performance snapshot

Performance snapshot*				
Rates	**Latest**	**1D (bp)**	**1M (bp)**	**3M (bp)**
SOFR	3.62	0.00	-4.00	-7.00
UAE Eibor 3m	3.75	-1.27	-9.66	14.72
UAE Eibor 12m	3.99	-1.23	0.14	26.87
US 3m Bills	3.68	0.53	-0.98	1.64
US 10yr Treasury	4.35	-7.52	4.40	8.34
German 10yr Bund	3.00	-6.40	0.70	10.80
UK 10yr Gilt	4.94	-12.20	10.60	42.20
Fixed Income		**1D (%)**	**1M (%)**	**3M(%)**
Global Agg. Index	505	0.65	1.41	0.09
Global Treasuries	209	0.70	1.44	-0.14
Global Corporate	306	0.57	1.36	-0.06
EM USD Sovereign	465	0.70	2.63	1.06
EM LCY Sovereign	165	0.61	2.20	0.52
Global High Yield	1,895	0.48	2.59	0.82
Currencies				
Dollar Index	98.02	-0.43	-2.00	0.60
EUR USD	1.1748	0.47	1.81	-0.60
GBP USD	1.3593	0.38	2.77	-0.76
USD JPY	156.39	-0.94	-2.01	0.41
Equities				
S&P 500	7,365	1.46	11.89	6.47
Dow Jones	49,911	1.24	7.32	1.36
NASDAQ	25,839	2.02	18.10	11.11
STOXX 600	623	2.22	4.46	0.86
DAX	24,919	2.12	7.56	0.56
Nikkei 225	59,513	0.00	13.44	8.76
FTSE 100	10,439	2.15	0.02	1.20
SENSEX	77,959	1.22	6.33	-6.90
Hang Seng	26,214	1.22	4.37	-2.31
MSCI World	4,754	1.64	10.20	5.10
MSCI EM	1,699	3.10	18.47	10.64
Regional Equities				
ADX	9,875	0.85	3.05	-5.71
DFM	5,898	2.96	7.04	-10.81
Tadawul*	10,949	-0.52	-3.23	4.52
DSM*	10,649	1.38	0.18	-3.67
MSM30*	8,334	-0.68	1.90	14.35
BHSE*	1,956	0.25	3.40	-4.15
KWSE*	8,907	0.40	3.28	3.90
Commodities				
BBG Commodity Index	137.8	-2.34	0.42	16.95
Brent USD/bbl	101.27	-7.83	-7.12	50.41
WTI USD/bbl	95.08	-7.03	-14.76	50.42
Gold USD/t oz	4,691.4	2.95	0.31	-5.16
Silver USD/t oz	77.4	6.20	5.96	-9.15
Platinum USD/t oz	2,063.8	5.42	3.69	-6.94
Aluminum	3,580.1	-2.07	1.36	15.67
Copper USD/MT	13,351.5	2.94	9.92	0.42
Digital Assets				
Bitcoin	81,421.4	-0.28	21.64	6.94
Ether	2,350.4	-1.33	13.65	2.98
Solana	89.1	2.93	12.63	-11.01
XRP	1.4	0.55	8.07	-11.02
Volatility				
VIX	17.39	0.06	-27.15	-3.39
MOVE	70.63	-8.01	-16.33	22.75

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time – May 07, 2026 unless stated otherwise. Performance in local currency.

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